

00361

1975/09/18

DECLASSIFIED

By 111 NARA Date 9/24/77

MEMORANDUM

NATIONAL SECURITY COUNCIL

URGENT ACTIONTOP SECRET/SENSITIVE

September 18, 1975

MEMORANDUM FOR SECRETARY KISSINGER

FROM: EA - Philip Habib *W*
S/P - Winston Lord *W*
NSC - Richard H. Solomon *all 5*

SUBJECT: A Strategy Analysis of Your Fall Meetings
with the Chinese

Beginning with your September 28 dinner session with PRC Foreign Minister Ch'iao Kuan-hua, you will initiate a series of meetings with Chinese officials that will include your late October visit to Peking, perhaps a technical advance trip by other officials in November, and the Presidential visit in early December. (All of these dates are still contingent on explicit Chinese acceptance.)

On July 3 and August 4 we sent you two major papers which explored policy options on how we might proceed this year in the process of U.S.-PRC normalization. We understand your assumption that the various post-Indochina and pre-1976 considerations, as well as some objective arguments, make a move to full normalization very unlikely in conjunction with the President's trip to Peking in December, and your inclination to seek progress in our relationship with the Chinese through "half-step" measures.

From this policy perspective, the present paper is designed to give you a tactical approach to your (and the President's) dealings with PRC officials over the coming three months. The following analysis seeks to:

- Describe briefly the state of play of the PRC leadership situation which you and the President will face this fall.
- Analyze the posture Peking has adopted regarding the President's trip, and China's longer-term strategy for dealing with the U.S.

TOP SECRET/SENSITIVE

TOP SECRET/SENSITIVE

2

- Suggest a counter-strategy for our dealings with the Chinese, and how such a strategy could be implemented in the context of the various fall leadership meetings.
- And finally, highlight for you a number of decisions which must be made, or planning measures which must be implemented, if we are to prepare in an orderly manner for the President's trip and your October advance.

Peking's Politics on the Eve of the President's Trip

Until the end of August the PRC domestic political scene seemed to be moving in the direction of greater stabilization, reestablishment of Party rule under the active leadership of Teng Hsiao-p'ing and Chang Ch'un-ch'iao, the rehabilitation of senior cadre purged during the Cultural Revolution, and public emphasis on a law and order program of economic development and political unification. A meeting of the Military Affairs Commission in June and July restored to active public life former Chief of Staff Lo Jui-ch'ing (purged in 1965), and made decisions which seemed to shift China's national defense line toward an emphasis on military professionalism and technological sophistication, and away from the politicized guerilla warfare approach of the 1960s.

At the turn of September, however, a new political polemic burst forth amidst otherwise bland press accounts of economic development projects, surfacing what appear to be serious tensions within the leadership over a broad range of policy issues. We frankly cannot estimate at this point in time the full import of the policy debate which seems to be reflected in the current criticism of Mao's favorite novel Water Margin (All Men Are Brothers). The themes in this press campaign do, however, reflect issues which have been visible in Peking's political debate for the past several years: how far to go in rehabilitating leaders purged during the Cultural Revolution; the future of the Party's left wing; the role of the military; and China's orientation to the U.S. and Soviets. What has made the current material of particular interest, however, is the way in which it directly criticizes "the Emperor" for granting amnesty to rebellious officials. This obviously has the implication of an attack on Mao, something that

TOP SECRET/SENSITIVE

DECLASSIFIED

By: AT NARA Date: 9/24/97TOP SECRET/SENSITIVE

3

most observers of the Chinese scene find hard to accept, were it not for past instances of press criticism of the Chairman in historical polemics which have been admitted to by the PRC, and the indications in 1974 of uncertainty about Mao's position -- most obviously his long absence from Peking and non-participation in the Party Plenum and National People's Congress in January of this year.

All of this is occurring, of course, against the background of repeated reports of Mao's, and Chou's, failing health -- the most recent of which USLO conveyed from the Romanian ambassador in Peking, a man with access to senior Chinese leaders and in the past a reliable reporter. The implications of this situation for our dealings with the PRC this fall are varied, and to some degree mutually contradictory. The storm may pass without much effect on our relationship; yet Peking may also be entering a period of immobilism on contentious issues (such as the next stage in their relations with the U.S.), and the authority of senior leaders -- even Mao -- may be dissipating. If the Chairman really is under attack, he will have even less flexibility in dealing with us on normalization issues than has been the case thus far. Indeed, it is possible that Peking may prefer to avoid addressing the contentious issues between us under present circumstances.

Alternatively, however, it could be argued that in view of the current signs of debate in Peking on policy toward the U.S. and USSR, it is all the more urgent to draw on Mao's authority -- somewhat attenuated though it may be -- to consolidate a relationship with Peking, and to undercut those in China who argue that the U.S. is just dragging its heels on normalization while using its relationship with the PRC essentially as leverage on the Soviet Union. This point of view can be countered, of course, by the argument that if Peking's leadership situation is so unstable even a relatively favorable deal on normalization might not stick.

We are well aware that -- quite apart from the conflicting implications for U.S.-PRC relations of the present leadership situation in Peking -- our national policy should basically reflect U.S. interests and the degree of support the President may have at any given time for making difficult decisions. At the same time, however, one factor which should be considered in formulating a strategy for the Peking summit is the state of China's internal political scene, and the strategy the PRC is adopting for dealing with us.

TOP SECRET/SENSITIVE

TOP SECRET/SENSITIVEPeking's Strategy: "Lure the Enemy in Deep"

In early June Teng Hsiao-p'ing told a group of visiting American newspaper editors that Peking will welcome the President whether or not he has major business to transact. This gesture (subsequently confirmed to you in private by Ambassador Huang) seems to have been prompted by concern in Peking that Mr. Ford might postpone or cancel his trip to China as a result of the unfavorable political climate in the U.S. generated by events in Indochina. The Chinese clearly want this fall's Presidential visit to take place. CAS reporting over the past two months has revealed that the PRC is briefing its cadre privately that the President will be welcome this fall, but that not very much should be expected in the way of results of the visit. In short, Peking does not want its own people to develop excessive expectations about the possibility for progress in the normalization process.

One particularly sensitive report attributes to Politburo member and ideologue Yao Wen-yuan the view that the leadership in Peking is still somewhat divided over how to welcome Mr. Ford, but that there is a consensus that the Presidential visit will not lead to a significant improvement in relations. Yao also asserted that while some in the PRC leadership initially believed the U.S. was sincere in wanting to improve bilateral relations with Peking, there is now some feeling of having been deceived and that Washington is just using the China connection to pressure the Soviets. Yao added that despite this feeling there is not likely to be a serious deterioration in U.S.-PRC relations as a result of the President's trip, although the normalization process will be retarded because of doubts about the Administration's "sincerity."

What is Peking's current strategy for dealing with us? While as Yao Wen-yuan's remark suggests, there may be divided opinion on this question, the main stream of opinion in Peking seems to be that while China should seek a settlement of the Taiwan question at some point, the present semi-normal relationship with the U.S. is of value to the PRC for security reasons even in the absence of a resolution of the future of the island. Peking has engaged in a concerted campaign to make this point clear to us -- and to the Soviets. Some leaders may even be arguing that in the wake of Indochina Peking does not need further changes in the East Asian power balance which could set in motion forces which the PRC is not fully prepared to contend with.

TOP SECRET/SENSITIVE

TOP SECRET/SENSITIVE

5

In addition, the Chinese may also be calculating that the President's chances of being elected in 1976 are reasonably good, but not strong. They very likely prefer the continued incumbency of a Republican Administration they know and have certain understandings with, and may have decided not to jeopardize Mr. Ford's chances of election by refraining from pressuring him on what they know are contentious domestic issues associated with normalization.

Teng Hsiao-p'ing's line to you of last November that "while you owe us a debt, we can wait if you still need Taiwan" seems to have additional tactical advantages to the Chinese. Peking may be calculating that by adopting a posture of patience with the U.S. they will put the Administration in a psychological posture of being beholden to them for their "generosity" -- a sense of indebtedness for not being pressured on the Nixon assurance of normalization by 1976.

The Chinese may also calculate that in a second Ford term the PRC will be in a more favorable strategic position to press us. Given the current signs in our public debate of erosion of support for detente with the Soviet Union, Peking may hope that in two or three years worsened relations with Moscow will make the Administration all the more desirous of maintaining leverage over the USSR through good relations with the PRC. As well, recent signs of progress in China's ICBM, submarine, and early warning radar development programs hold out for Peking the prospect of being able to deal with the Russians (and us) from a less vulnerable strategic position in the next five to ten years.

In short, for a combination of strategic and psychological reasons, the Chinese appear to have decided that if the U.S. is unwilling to move to full normalization, both PRC interests and good tactics are served by playing out the present relationship with us for the next year or so.

A less evident line of argumentation in Peking -- but one which seems to be reflected in continuing criticism in PRC media of those who would compromise with "social-imperialism" -- may be that China should expect no increment to her security from dealings with the U.S. Some may be arguing that China's relationship with Washington is, in fact, inciting Moscow to take more active measures to encircle and pressure China, and that PRC security interests will be better served by reducing tensions with the Soviets than by seeking to counterweight

TOP SECRET/SENSITIVE

DECLASSIFIED

By AT NARA Date 9/24/97TOP SECRET/SENSITIVE

6

them by tilting toward an increasingly passive U.S. At the least -- this line of debate may assert -- China will gain more from an independent position in the great power triangle than by adopting a position of strident hostility to the Russians combined with a relatively accommodating attitude toward the Americans -- a policy which thus far has produced few tangible benefits for China. Indirect evidence suggests that this latter line of argumentation may emanate from China's military, with perhaps some support from Party radicals (who may want China to adopt a more independent international position).

We see no evidence of lines of debate in Peking which call for either greater accommodation with Washington or for more insistent pressure on the U.S. for an early resolution of the Taiwan problem and establishment of diplomatic relations. For reasons of bargaining approach as well as sense of sovereignty and self-respect, the Chinese are unlikely to do things which would put them in the position of appearing to want a relationship with us, or of beseeching us for progress on the Taiwan issue. If pressure is ever applied, it is most likely to be through hard tactics, not soft ones.

A U.S. Counter-Strategy: Put Peking on the Defensive

If we are correct in the judgment that Peking's primary strategy for dealing with the U.S. is to string the Administration along and put us in their debt until a more favorable time to apply pressure is reached, how should the U.S. now respond? Given the constraints on the President's ability to act on normalization issues at this time, there are essentially three approaches that could be adopted in dealings with the Chinese this fall:

1. You could directly tell them that in the wake of Indochina (or, more vaguely, "under present circumstances") the time is not ripe for movement on normalization, that we remain fully committed to the objectives of the Shanghai Communique, but that the President intends to wait until after 1976 to consider further developments in U.S.- PRC relations. In the meanwhile, we believe mutual interests are served by maintaining our relationship essentially at its present level.

Your past statements to PRC leaders about the harmful effect a breakdown of the Paris Agreement on Indochina would have on our

TOP SECRET/SENSITIVE

DECLASSIFIED

By AT NARA Date 9/24/77TOP SECRET/SENSITIVE

bilateral relationship provide a basis for this line of approach, although the Chinese will very likely respond by saying that the events in Indochina were a result of the failure of the U.S. and its allies to honor the Paris agreement. At the same time, as noted above, the Chinese will probably be "graciously accommodating" of our expressed desire to delay consideration of normalization issues -- while taking note of the even greater debt we owe them.

We frankly see no particular advantage to the U.S. in this approach. It puts us increasingly on the defensive with Peking, and suggests a complete freezing of our position. All the same, however, the Chinese have indicated to us both publicly and privately that they can live with such an outcome of the second Presidential visit.

2. As a slightly less defensive variation of the above approach, you could say that while circumstances do not appear favorable for movement to full normalization of relations, the U.S. remains committed to the objectives of the Shanghai Communique; and as an expression of good faith and our intention to resolve bilateral differences after 1976, we propose certain partial measures or intermediate steps -- such as were suggested in our paper of August 4 -- which will sustain movement in our relationship. We think it is in neither side's interest to show complete stagnation to the world. (Moreover, we should avoid suggesting to Peking that the Administration is so constrained by domestic political problems that it is totally immobilized on foreign policy issues.)

In your meeting with Huang Chen on July 7 you hinted that this might be the approach you would take in conjunction with the President's visit. It suggests a willingness to keep moving ahead in our course, which is of benefit to both sides internationally. It makes us appear less weak or passive, and is more in the spirit of the relationship we are trying to sustain with Peking.

On the other hand, this approach clearly reveals that we cannot go all the way, and still puts us somewhat on the defensive in view of Peking's "patience" line. All the same, it protects the President from having to make difficult decisions during the coming months.

3. A third alternative is to attempt to put Peking on the defensive. This we would do through a general posture of forthcomingness and expression of interest in resolving outstanding differences (although we do not expect the Chinese to agree to our specific proposals or policy positions).

TOP SECRET/SENSITIVE

DECLASSIFIED

By AT NARA Date 9/24/97

TOP SECRET/SENSITIVE

8

You could tell Peking that despite the unfavorable impact of Indochina we continue to believe that full normalization at an early date is important to the strategic interests of both countries, and to give future stability to our presently semi-normal relationship. You could reiterate your acceptance of Teng Hsiao-p'ing's "three principles" for normalization (as you expressed at the end of your November, 1974 discussions in Peking), and say that Chairman Mao's statement about willingness to wait a hundred years to gain control of Taiwan, and Premier Chou's suggested formulation that normalization can be accomplished on the basis of "confirming the principle of one China" provide the basic lines of a settlement acceptable to both sides. You could then say that all that remains is to give expression to the Mao/Chou principles through a set of private understandings and public statements by both sides which would make it clear that while the U.S. is affirming the unity of China, it is not casting off to a violent fate a government and people who have looked to us for security. You could point out that such a settlement would not only meet the Chairman's criterion, but would do so in a way that would not be unduly disturbing to Americans in the wake of Indochina events, or raise doubts in the world about the constancy of America's role in security matters.

In evaluating this third approach, it should first be said that we believe the chances are slim, or something less than even, that Peking will volunteer an acceptable public statement on Taiwan's security, or agree to other aspects of a normalization package (such as we discussed in the paper of July 3) which would make full normalization politically acceptable to the Administration. The particular advantages of this line of approach are that it would avoid the obvious liabilities of the first option; of playing into Peking's hands by making it appear that the U.S. bears the responsibility for delaying normalization and that the Administration owes China a debt for her patience.

This option would leave open the possibility of falling back to the second, partial-step approach if the Chinese at least indicate an interest in making visible progress in our relationship short of establishment of diplomatic relations. It would more forcefully stress our intention to maintain a course toward full normalization of relations, and would approximate more closely the original intention of U.S. policy which you personally, as well as President Nixon, laid out in 1971-72. It is the only approach by which we can probe whether there is any "give" in the PRC position on normalization at this time. If there is not any flexibility on their part, we will at least have positioned ourselves in a fully defensible manner for consideration of the normalization issue at some later time.

TOP SECRET/SENSITIVE

DECLASSIFIED

By AT NARA Date 9/24/97TOP SECRET/SENSITIVE

9

There is, to be sure, a possibility that the Chinese might, unexpectedly, counter an expression of interest in normalizing on our part with a relatively favorable deal. It is highly unlikely, however, that such a Chinese response would be so forthcoming as to place us in the position of appearing to renege should we decide to hold back from agreement. We could, moreover, regulate the degree of risk by the way we presented Option 3.

Nevertheless, you obviously could not proceed with this approach unless the President were clearly aware of the potential consequences. If he does not want to run the risk of having to consider any Chinese proposals on normalization, then the safest course would be to proceed with Option 2.

If you can gain the President's authorization for this approach, however, we believe that U.S. interests will be far better served by it than by Option 1 (while Option 2 will remain as a fallback). At a minimum we will have put the Chinese on the defensive and established a more favorable posture for future negotiations on this issue; at maximum we might unexpectedly reach an agreed formula for full normalization which would gain for the U.S. the long-term strategic advantages of a non-confrontation (if not fully cooperative) relationship with the PRC, and at a cost which would very likely be lower than that which the U.S. would have to pay in the future.

Issues for Your Early Decision

We now have about a week to prepare for your anticipated September 28 working dinner in New York with Ch'iao Kuan-hua (although the date remains uncertain in the absence of a response from the Chinese). This session with the Foreign Minister represents an important opportunity to set the tone for your October advance trip to Peking. Depending upon the approach which you and the President wish to take in organizing the Peking summit, you can use the Ch'iao dinner to set in motion certain policy processes on the PRC side. In order to prepare for the dinner, and to initiate other planning measures which will enable us to prepare in an orderly way for your October advance trip and the President's visit, we urgently need your guidance on the following questions:

TOP SECRET/SENSITIVE

DECLASSIFIED

By AT NARA Date 9/24/97TOP SECRET/SENSITIVE

10

-- The approach, or approaches, which you and the President wish us to take in preparing briefing materials and talking points. We request a meeting with you as soon as you are in a position to give us such guidance.

-- We need decisions on the NSSM 212 response (military sales to Taiwan) and a Taiwan SIGINT package in order to initiate orderly planning for further American withdrawals from Taiwan and possible modifications of our approach to selling weapons to the ROC. Decisions on these packages, which are being staffed through the NSC mechanism, will also enable you to inform Peking of future U.S. military draw-downs from the island, something which Mr. Habib, at your instruction, informed the Chinese we would do before the end of the year.

RECOMMENDATIONS:

-- That you seek the President's concurrence on a general approach for dealing with the Chinese this fall, particularly as it relates to the normalization issue.

-- That you meet with us at an early date to provide guidance for preparing for your dinner with Ch'iao and October visit to Peking, and the President's trip.

Approve _____ Disapprove _____

-- That you act on the NSSM 212 response, and the Taiwan SIGINT study.

TOP SECRET/SENSITIVE